

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:)	Attorney Docket No. 101
Burkhalter, Swinton B.)	
)	
Application No.: 09/775,336)	
)	
Filed: February 1, 2001)	
)	
For: INSURANCE SYSTEM AND)	
METHOD WITH)	
DISPROPORTIONAL)	
ALLOCATION)	
)	
Examiner: Kalinowski, Alexander G.)	
)	
Art Unit: 3626)	
)	
Confirmation No.: 9210)	

REMARKS

CLAIMS IN THE APPLICATION

Claims 1-16 are in the application.

SUMMARY OF REJECTION AND OF RESPONSE

Claims 1-16 are rejected under section 103 as being unpatentable over Sexton et al. patent No. 5,752,236 (Sexton) in view of an article by Tirbutt entitled "Outlook Bright For Umbrellas" (Tirbutt). This rejection is respectfully traversed. It is applicants position that the two references that do not contain any suggestion or motivation that they be combined to do what applicants have done and even if combined, do not include all of the limitations contained in the claims.

RELEVANT SUMMARY OF SEXTON REFERENCE

The scope and content of the Sexton reference relates generally to an estate planning technique using life insurance. No other type of insurance is mentioned of even suggested. As

explained in the Sexton reference starting at column 7, line 27 and extending to line 42, the invention takes the "elements, characteristics, obligations, values and benefits of a life insurance product, existing or new, (and arranges those factors) into at least two separate but related contracts on the same insured or insureds. The combined total value benefits of the companion contracts will approximate the total values and benefits contained in a single contract with similar total premiums. Each of the contracts will, of course, qualify as a life insurance contract under applicable law, such as that currently embodied in Internal Revenue Code Section 7702. The two or more contract approach will also allow various optional riders to be added to any and all contracts such that the combination of the contracts with riders will exhibit about the same values and benefits per premium paid as a single insurance contract with similar riders and similar premium payments." (Emphasis added.)

An example is provided beginning at column 11, line 11 and extending to line 63 in which a typical single life insurance contract is shown in Table I simplified to show annual premiums, annual cash values and annual death benefits. Then in Table II those factors are listed after being separated into two related contracts on the same insured. The reference explains that after the allocation of premium obligations, death benefits, cash values and other items is completed, the resulting two policies are tested against life insurance regulatory requirements and then finalized. It is well known that each State has regulations defining life insurance and no life insurance can be legally sold without meeting these regulations.

The reference goes on to state that the two-contract approach allows for substantial flexibility because "the two contracts may be for different types of life insurance policies and that the concept can be used for a variety of applications other than split dollar, where currently a single policy life insurance contract is used." (Emphasis added.) See column 12, lines 27-63.

Two points to be noted here are that there are many different life insurance policies from which to choose and that the invention is geared (but not exclusively) to replacing the life insurance concept called "split dollar".

The paragraph beginning at column 10, line 10 and extending through line 21 lists all of the different types of life insurance products on the market. "Split dollar insurance" is explained beginning at column 2, line 30 extending through column 3, line 10. Split dollar insurance, which is no longer favored by the Internal Revenue Service, was a plan that joined together the life insurance needs of one person, such as an executive, with the premium paying ability of another entity, such as his corporation. The plan allowed the corporation to pay a large portion of the premium while the executive reaps the benefit of a substantial amount of life insurance at a very low cost. As explained, the corporation recoups the premium paid from the cash values which are built up under the life insurance contract. The Sexton reference also discloses a "reverse split dollar plan" in which the executive is entitled to the cash values of a life insurance contract and the corporation is reimbursed by the death benefits of that contract.

The Sexton reference goes on to disclose that split dollar benefits may be achieved without an adverse Internal Revenue Service ruling and without the attendant complications (additional contracts and lawyer's fees) of the original split dollar programs. The Sexton reference goes on to state that in addition to coupling a corporation and an executive, the tax laws/estate planning benefits to be derived can also apply between a parent and a child where money may be transferred outside of the parents' estate without concern for the gift tax limitation. See for example, column 15, beginning at line 9 through column 16 where the tax laws are used to achieve savings of estate taxes, gift taxes, and/or income taxes between favored paired entities such as a parent and child, or a corporation and an owner or executive.

Before departing from the Sexton reference, it is to be noted that all of the claims there relate to life insurance, such as in claim 1, "a method for forming a life insurance plan"; in claim 12, "a computer implement and method for forming a life insurance plan"; and in claim 18, "a life insurance system". (Emphasis added.)

The Sexton reference discloses plans that related to life insurance only. There is no teaching or suggestion to use insurance contracts other than life insurance policies. Hence, there is a big difference between the Sexton reference and the invention of the claims in the subject application.

RELEVANT SUMMARY OF TIRBUTT REFERENCE

The scope and content of the Tirbutt reference is in the nature of a consumer report on renewed interest in umbrella coverages. "Umbrella" insurance is defined as a plan that bundles a range of health and life insurance policies together under a single premium obligation. The Tirbutt reference teaches two reasons for such bundles and identifies several companies marketing these policies. One type of umbrella policy "is suitable primarily for protecting mortgages" but with a drawback. The drawback is that once a claim is made under any part of the policy, the home loan is paid off and the policy ends.

Another umbrella policy bundles coverages for consumers who want a "minimum (of) fuss." One holder is quoted as stating that "my wife and I like the one-stop-shop approach because we know that time is money." The reference even states that these people are willing to spend more money to save their time.

There is no teaching or suggestion of combining coverages and than dividing them. Nor is there any teaching or suggestion that umbrella policies are driven by tax avoidance or estate planning. The contrary is true. Tirbutt teaches away from the invention by bundling only for two specific benefits, mortgage protection and ease of shopping.

Sexton and Tirbutt concern insurance but are otherwise unrelated. The references teach difference "devices". Sexton teaches a tax planning life insurance "device" and Tirbutt teaches a mortgage pay-off device or a time saving insurance device. The cited art is inadequate as applied here and the references are only brought together in response to applicants' own teaching.

SUMMARY OF RELEVANT LAW

The Manual of Patent Examining Procedure (MPEP) states, among other things, that in order to establish a prima facie case of obviousness, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to combine reference teachings. The teaching or suggestion to make the claimed combination and a reasonable expectation of success must both be found in the prior art and not based on applicants' disclosure. Section 2142 MPEP. See also, *In re Dance*, 160 F.3d 1339, 1343 (Fed. Cir. 1998); *Heidelberg Druckmaschinen v. Hanstcho Commercial*, 21 F.3d 1068, 1072 (Fed. Cir. 1994); *In re Vaeck*, 947 F.2d 488 (Fed. Cir. 1991); *In re Geiger*, 815 F.2d 686, 688 (Fed. Cir. 1987) and *Lindemann Maschinenfabrik v. Am Hoist and Derrick*, 730 F.2d 1452, 1462 (Fed. Cir. 1984).

It is insufficient to establish obviousness that the separate elements of the invention exist in the prior art, absent some teaching or suggestion, in the prior art, to combine elements. *Arkie Lures Inc. v. Gene LaRew Tackle Inc.*, 119 F.3d 953, 957 (Fed. Cir. 1997). The fact that the references can be modified or combined is insufficient to meet the section 103/MPEP criteria. *In re Rouffet*, 149 F.3d 1350, 1357 (Fed. Cir. 1998); *In re Mills*, 916 F.2d 680, 682 (Fed. Cir. 1990). Moreover, the fact that the modification or combination would be well within the ordinary skill in the art by itself is insufficient to meet these criteria. *Al-Site Corp. v. VSI International Inc.*, 174 F.3d 1308, 1324 (Fed. Cir. 1999).

CONTENTION REGARDING OBVIOUSNESS

It is stated in the Office Action at page 3, that Sexton discloses the choosing or forming of "a second product" and that inputting the "second product" is disclosed in column 9, lines 1-10 and column 10, lines 10-21. There is no teaching of just any second product. The column 10 reference is merely a listing of existing types of life insurance products, while column 9, lines 1-10 relates to the pricing of life insurance products. These have nothing to do with choosing a second non-life insurance product. There is no teaching or suggestion of doing so. Sexton deals with life insurance policies only and not with any unknown second product. The comment about an unknown second product is made because of applicants' teaching not because of any teaching or suggestion in Sexton.

On page 4 of the Office Action, it is stated that Tirbutt discloses two products in an insurance plan and that it would have been obvious to combine Tirbutt with Sexton "for the motivation of obtaining coverage in a single plan as opposed to obtaining coverage separately from difference companies (page 2, paragraph 3)." Tirbutt does teach the combining of multiple insurance products in an umbrella policy to save time when shopping for insurance. That motivation has nothing to do with the invention disclosed in the subject application nor with making a proper combination of the cited references.

It is applicants position that disparate insurance concepts have been brought together by the Examiner not because of any teaching or suggestion in the references themselves, but rather he is using the teaching of the application to improperly build the invention. As stated in section 2143 MPEP, the teaching or suggestion to make the claimed combination must be found in the prior art and not in applicants' disclosure.

As a separate contention, even if the two references are combined, the limitations of the claims are not met.

Both claims 1 and 11 have been amended so as to have the following limitations:

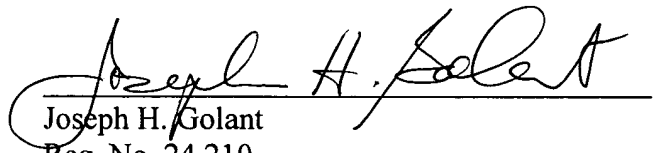
"inputting said life insurance product choice into a data processing apparatus; . . . inputting said long term care product choice into a data processing apparatus; forming in a data processing apparatus as least two separate but related insurance policies from said life insurance product and said long term care product; (and) disproportionately allocating expenses, benefits and obligations regarding said policies among said at least two separate but related policies formed from said life insurance product and said long term care product. . . ."

Combining Sexton and Tirbutt would not result in meeting all of the limitations of the claims because neither reference teaches the inputting of a long term care product into a data processing apparatus, nor the forming in the data processing apparatus of two separate but related insurance policies from a life insurance product and a long term care product, nor disproportionately allocating expenses, benefits and obligations between the two separate but related policies formed from the life insurance product and the long term care product.

In view of the above amendments and comments, it is respectfully requested that the Examiner reconsider the claims of the subject application and indicate allowance.

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Respectfully submitted,


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